

ASSEMBLY BILL

No. 2798

Introduced by Committee on Jobs, Economic Development, and the Economy (V. Manuel Perez (Chair), Logue (Vice Chair), Beall, Bill Berryhill, Block, and Salas)

March 25, 2010

An act to amend Section 13997.2 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2798, as introduced, Committee on Jobs, Economic Development, and the Economy. Economic development.

Existing law designates the Business, Transportation and Housing Agency as the primary state agency responsible for facilitating economic development in the state, establishes the California Economic Development Fund in the State Treasury for the purpose of receiving specified economic development funds, authorizes the Secretary of Business, Transportation and Housing to expend moneys in the fund, upon appropriation by the Legislature, for specified purposes relating to economic development, authorizes the secretary to administer the federal Economic Adjustment Assistance Grant, as defined, and defines various terms for the purposes of these provisions relating to economic development.

This bill would define additional terms for the purposes of these provisions in existing law relating to economic development.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Assembly Committee on Jobs, Economic Development, and the Economy Annual Economic Development Omnibus Bill.

SEC. 2. Section 13997.2 of the Government Code is amended to read:

13997.2. (a) The Legislature finds and declares all of the following:

(1) California's economic development organizations and corporations are an integral component of the state job creation effort because they are a critical link between state economic development activities and the statewide business community, providing an excellent opportunity to leverage state resources.

(2) Economic development corporations and organizations provide broad public ~~benefit~~ *benefits* to the residents of this state by alleviating unemployment, encouraging private investment, and diversifying local economies.

(3) Economic development corporations engage in a wide range of programs and strategies to attract, retain, and expand businesses, including marketing the community, small business lending, and other financial services, a wide range of technical assistance to small business, preparation of economic data, and business advocacy.

(4) By using public sector resources and powers to reduce the risks and costs that could prohibit investment, the public sector often sets the stage for employment-generating investment by the private sector.

(b) For purposes of this chapter, all of the following definitions apply:

(1) "Local economic development organization" means a public or public-private job creation activity recognized by cities and counties as the lead agency within that city or county for planning and implementation of job creation involving business expansion, business retention, and new business development.

(2) "Regional economic development organization" means an organization comprised of any of the following:

(A) A single county.

(B) More than one county.

1 (C) A subregion within a county established by the cities and
2 county within that subregion.

3 (D) An economic development corporation.

4 (3) "Economic development corporation" means a local or
5 regional nonprofit public-private economic development
6 organization recognized in a defined region by the public and
7 private sector as the lead agency for the planning and
8 implementation of job creation involving business retention and
9 new business development.

10 (4) "Regional economic development corporation" means a
11 corporation comprised of any of the following:

12 (A) A single county.

13 (B) More than one county.

14 (C) A subregion within a single county established by a group
15 of cities and counties.

16 (5) "Economic development" means any activity that enhances
17 the factors of productive capacity, such as land, labor, capital, and
18 technology, of a national, state, or local economy. "Economic
19 development" includes policies and programs expressly directed
20 at improving the business climate in business finance, marketing,
21 neighborhood development, small business development, business
22 retention and expansion, technology transfer, and real estate
23 redevelopment. "Economic development" is an investment program
24 designed to leverage private sector capital in such a way as to
25 induce actions that have a positive effect on the level of business
26 activity, employment, income distribution, and fiscal solvency of
27 the community.

28 (6) "Local economic development" is a process of deliberate
29 intervention in the normal economic process of a particular locality
30 to stimulate economic growth of the locality by making it more
31 attractive, resulting in more jobs, wealth, better quality of life, and
32 fiscal solvency. Prime examples of economic development include
33 business attraction, business expansion and retention, and business
34 creation.

35 (7) *"Emerging domestic market" means people, places, or*
36 *business enterprises with growth potential that face capital*
37 *constraints due to systemic undervaluations as a result of imperfect*
38 *market information. These markets include, but are not limited to,*
39 *ethnic-owned and women-owned firms, urban and rural*
40 *communities, companies that serve low-income or*

1 moderate-income populations, and other small and medium-sized
2 businesses.

3 (8) “Financial intermediary” means an institution, firm,
4 organization, or individual who performs intermediation between
5 two or more parties in a financial context, such as connecting
6 sources of funds with users of funds. A financial intermediary is
7 typically an entity that facilitates the channeling of funds between
8 lenders, investors, foundations, or other entities that have money
9 and are interested in connecting with businesses or communities
10 where their money can be deployed. Financial intermediaries
11 include, but are not limited to, banks, financial development
12 corporations, economic developers, or microenterprise
13 development organizations, and community development
14 organizations.

15 (9) “Community development intermediary” means an
16 institution, firm, organization, or individual that performs
17 intermediation between two or more parties in a community
18 development context, such as connecting people and organizations
19 that have a stake in the future well-being of communities and
20 individuals who may not easily have access to these stakeholders.
21 A community development intermediary is typically an entity that
22 channels financial and nonfinancial resources between government
23 and foundations and other nonprofit organizations that have
24 resources and are interested in connecting with small- and
25 medium-size businesses and low- and moderate-income households
26 and communities. Community development intermediaries include,
27 but are not limited to, community development corporations,
28 microenterprise development organizations, and community
29 development financial institutions.

30 (10) “Triple bottom line” means the economic, environmental,
31 and social benefits arising from a project, investment, or
32 community and economic development activity.

33 (11) “Small businesses” means a business with less than 100
34 employees and with a gross revenue of less than five million dollars
35 (\$5,000,000), or a business that is otherwise targeted by or
36 participating in a federal or state program engaged in programs
37 or services for small businesses. Application of this definition may
38 only be used pursuant to a direct reference.

39 (12) “Community development” means a process designed to
40 create conditions of economic and social prosperity for the whole

1 *community, or a targeted subset of the whole community, with the*
2 *fullest possible reliance on the community's initiative and active*
3 *participation.*

4 *(13) "Financial institution capital" means resources of a*
5 *financial institution, including, but not limited to, a bank or credit*
6 *union, that are legally available to be used to generate wealth for*
7 *the financial institution.*

8 *(14) "California Council on Science and Technology" means*
9 *the council established by California academic research*
10 *institutions, including the University of California, the University*
11 *of Southern California, the California Institute of Technology,*
12 *Stanford University, and the California State University, in support*
13 *of Assembly Concurrent Resolution No. 162 (Res. Ch. 148, Stats.*
14 *1988).*